

TESTIMONY IN FAVOR OF SB 287
HOUSE BUSINESS AND LABOR COMMITTEE
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DEPARTMENT OF LABOR AND INDUSTRY
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Madam Chair, members of the committee, my name is Jerry Keck, I am the administrator in the Employment Relations Division of the Department of Labor and Industry. I appear today in support of SB 287.

The Department is responsible for the enforcement of the coverage requirements in the Workers' Compensation Act. In Montana, everyone involved in the construction industry is required to obtain a construction contractor registration. Part of that registration is to show you are in compliance with the Workers' Compensation Act.

In the past 2 or 3 years, we have identified that there is a significant increase in the number of people applying for the Construction Contractor Registration Certificate who have organized their business structure as a Manager Managed Limited Liability Company. Under current law, managers of Manager Managed LLCs are not required to have workers' compensation insurance or obtain the independent contractor exemption.

Staff of the Department visit construction sites to verify that workers on the site either have workers' compensation insurance coverage or the independent contractor exemption. We are finding more and more workers, particularly in the roofing industry, who assert they are managers of Manager Managed LLCs and are not required to have workers' compensation coverage. However, many of these workers don't know the name of the business, don't know who the other managers are in the business, and don't even know they are an owner of the business.

SB 287 corrects this loophole in the construction industry that currently allows managers of Manager Managed LLCs to avoid complying with the Workers' Compensation Act. It treats managers of Manager Managed LLCs in the same way as members of Member Managed LLCs. The managers must either be covered by workers' compensation insurance or obtain the independent contractor exemption certificate. This will ensure that all workers in the construction industry have the same requirements under the Workers Compensation Act and provide a more level playing field for competing for construction contracts.

The Department encourages your support of SB 287. I am available to answer questions.